

STATE OF SOUTH CAROLINA

IN RE: APPLICATION OF
DIALTONE & MORE, INC.
FOR CERTIFICATION AS AN ELIGIBLE
TELECOMMUNICATIONS CARRIER

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2008 - 138 - C

(Please type or print)

Submitted by: Lance J.M. Steinhart, P.C.

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☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
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<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigator
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
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<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
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<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
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June 24, 2008

VIA OVERNIGHT DELIVERY

Mr. Charles Terreni
Chief Clerk of the Commission
South Carolina Public Service Commission
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210
(803) 896-5100

Re: Dialtone & More, Inc.
Docket No. 2008-138-C

Dear Mr. Terreni

Pursuant to letter dated April 14, 2008 in the above-referenced docket, enclosed please find for filing an original and twenty-five (25) copies of the company's pre-filed testimony.

I have enclosed an extra copy of this letter to be date-stamped and returned to me in the self-addressed, postage prepaid envelope I have provided.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you.

Respectfully submitted,

Lance J.M. Steinhart
Attorney for Dialtone & More, Inc.

cc:

Lessie Hammonds – ORS via e-mail: lhammon@regstaff.sc.gov

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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-138-C

IN RE:	APPLICATION OF)	
	DIALTONE & MORE, INC.)	
	FOR CERTIFICATION AS AN ELIGIBLE)	DIRECT TESTIMONY
	TELECOMMUNICATIONS CARRIER)	OF BRIAN COX
)	

I. Introduction

- 1 **Q: PLEASE STATE YOUR NAME, YOUR POSITION WITH DIALTONE &**
2 **MORE, INC. AND YOUR BUSINESS ADDRESS.**
- 3 **A:** My name is Brian Cox. My title is President of Dialtone & More, Inc. (hereinafter
4 sometimes referred to as "Dialtone"). My business address is 11121 Highway
5 70, Suite 202, Arlington, Tennessee 38002.
- 6 **Q: PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR BACKGROUND**
7 **AND EXPERIENCE.**
- 8 **A:** My background and experience is attached hereto as Exhibit A.

1

2 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

3 **A:** The purpose of my testimony is to demonstrate that Dialtone meets the state and
4 federal requirements for designation as an Eligible Telecommunications Carrier
5 (“ETC”) in the State of South Carolina in the designated areas of
6 BellSouth/AT&T service territory (the “Designated Service Area”). A List of
7 Wire Centers is attached as Exhibit 1 to our application filed in this Docket.

8 **Q: DOES DIALTONE CURRENTLY PROVIDE TELECOMMUNICATIONS**
9 **SERVICE IN SOUTH CAROLINA?**

10 **A:** Yes. Dialtone was granted a Certificate of Public Convenience and Necessity to
11 Provide Local Exchange Telecommunications Services within the State of South
12 Carolina Pursuant to Order No. 98-394 issued in Docket No. 98-050-C on May
13 29, 1998, which was amended by Order No. 2007-79 issued on February 1, 2007,
14 to allow Dialtone to utilize the Unbundled Network Platform as a delivery means
15 for its local exchange service. Dialtone is also a common carrier as that term is
16 defined in 47 U.S.C. §153(10), and Dialtone meets the requirements of 47 U.S.C.
17 § 214(e)(1).

1

2 **Q: DOES DIALTONE CURRENTLY CONTRIBUTE TO THE FUNDING**
3 **FOR UNIVERSAL SERVICE?**

4 **A:** Yes. Federal regulations require carriers such as Dialtone to contribute a portion
5 of their revenues to the funding of federal universal service.

6 **Q: IS THE COMPANY PRESENTLY ABLE TO DRAW FROM FEDERAL**
7 **UNIVERSAL SERVICE FUNDS FOR THE PROVISION OF THE**
8 **SUPPORTED SERVICES IN SOUTH CAROLINA?**

9 **A:** No. Until it is designated as an ETC for those areas it serves in South Carolina,
10 Dialtone is not able to receive any federal universal service funds to support its
11 provision of universal services to South Carolina consumers.

12 **Q: BY OBTAINING ETC DESIGNATION, WILL DIALTONE IMPROVE**
13 **THE QUALITY OF BASIC SERVICE PROVIDED TO SOUTH**
14 **CAROLINA RESIDENTS AND INTRODUCE ADVANCED SERVICES**
15 **TO CONSUMERS SOONER?**

16 **A:** Yes. As required, if Dialtone receives ETC designation, any universal service
17 funding it receives will be used only to support the provision, upgrading and
18 maintenance of Dialtone's pre-paid residential network where Dialtone is
19 designated as an ETC in South Carolina. As a result, Dialtone will be able to
20 improve the quality of basic service by increasing the availability of this unique
21 service to customers who reside in areas of the state where the service is currently
22 unavailable and, due to credit and deposit requirements, may not be able to obtain
23 the safety and convenience of telephone service from traditional providers. In

1 addition, by using the funds to reduce the cost of unbundled network elements
2 (“UNEs”) obtained from the ILECs and used to provide service to its customers,
3 designation of Dialtone as an ETC will speed the testing and deployment of
4 advanced services such as wireless broadband to consumers in South Carolina.

5 **Q: WILL DIALTONE’S CUSTOMERS EXPERIENCE OTHER BENEFITS**
6 **AS A RESULT OF DIALTONE’S DESIGNATION AS AN ETC?**

7 **A:** Yes. Since Dialtone is seeking only low income support, and Lifeline is designed
8 to reduce the monthly cost of telecommunications services for eligible consumers,
9 and is distributed on a per-customer basis and is directly reflected in the price that
10 the eligible customer pays, it is assured that all support received by the carrier is
11 used to provide Lifeline services to consumers, thus promoting Lifeline and the
12 availability of telephone service to low income users, which is clearly in the
13 public interest.

**Q: IS A COMPETITIVE LOCAL EXCHANGE CARRIER LIKE DIALTONE
ELIGIBLE FOR FEDERAL UNIVERSAL SERVICE SUPPORT?**

A: Yes. Both the 1996 Telecommunications Act ("TA'96") and the FCC's rules establish the directives for the Commission to follow in making an ETC designation. Section 214(e) of TA'96 specifically provides that any common carrier, including a competitive local exchange carrier such as Dialtone, may be designated as an ETC for federal universal service support purposes, provided that carrier meets the specific criteria set forth in Section 214(e)(1) of the Act, which Dialtone does.

**Q: WHAT ARE THE REQUIREMENTS FOR OBTAINING ETC
DESIGNATION?**

A: The eligibility requirements were recently supplemented by the FCC. The initial requirements established by §214(e)(1) of the Act are still in place, and state:
A common carrier designated as an eligible telecommunications carrier under paragraph (2) or (3) shall be eligible to receive universal service support in accordance with section 254 and shall, throughout the service area for which the designation is received:

(A) Offer the services that are supported by Federal universal service support mechanisms under Section 254(c), either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by another eligible telecommunications carrier); and

(B) Advertise the availability of such services and the charges therefore using media of general distribution.

Q: IS DIALTONE REQUESTING DESIGNATION IN THIS PROCEEDING FOR THE STUDY AREA OF ANY RURAL LEC IN SOUTH CAROLINA?

A: No. Dialtone's Petition requests designation only in the wire centers of BellSouth/AT&T which have been classified as non-rural.

Q: DOES DIALTONE CURRENTLY HAVE INTERCONNECTION AGREEMENT WITH BELL SOUTH/AT&T?

A: Yes.

Q: IS IT YOUR UNDERSTANDING THAT DIALTONE IS ENTITLED TO BE DESIGNATED AS AN ETC IF IT DEMONSTRATES THAT IT IS CAPABLE OF MEETING ALL OF THE OBLIGATIONS IMPOSED BY SECTION 214(e) OF TA'96 AS WELL AS THE NEW REQUIREMENTS ESTABLISHED BY THE FCC'S MARCH, 2005 ORDER?

A: Yes.

Q: THE FIRST CRITERION FOR ETC DESIGNATION UNDER SECTION 214(e)(1) IS COMMON CARRIER STATUS. IS DIALTONE A COMMON CARRIER?

1 **A:** Yes. Dialtone is a "common carrier" for purposes of obtaining ETC designation
2 under 47 U.S.C. § 214(e)(1). A common carrier is generally defined in 47 U.S.C.
3 §153(10) as "any person engaged as a common carrier for-hire" in interstate or
4 foreign communications utilizing either wire or radio technology, except for radio
5 broadcasters.

6 **Q: THE SECOND REQUIREMENT IS THAT DIALTONE OFFER THE**
7 **"SUPPORTED SERVICES." WHAT ARE THE SUPPORTED SERVICES**
8 **THAT MUST BE OFFERED?**

9 **A:** The FCC has identified (at 47 C.F.R. §54.101(a)) the following services and
10 functionalities as the core services to be offered by an ETC and supported by
11 federal universal service support mechanisms:

- 12 1. voice-grade access to the public switched network;
- 13 2. local usage;
- 14 3. dual tone multi-frequency signaling or its functional equivalent;
- 15 4. single-party service or its functional equivalent;
- 16 5. access to emergency services;
- 17 6. access to operator services;
- 18 7. access to interexchange services;
- 19 8. access to directory assistance;
- 20 9. toll limitation for qualifying low-income consumers

1 **Q: CAN DIALTONE CURRENTLY PROVIDE THE SUPPORTED**
2 **SERVICES SET FORTH ABOVE USING ITS NETWORK THAT IS IN**
3 **PLACE TODAY?**

4 **A:** Yes. Dialtone's present network can provide all of the supported services to
5 consumers in South Carolina. Dialtone recognizes its obligation to offer these
6 services including the "toll limitation for qualifying low-income consumers"
7 service that is linked to the federal "Lifeline" program and targeted at meeting the
8 needs of low-income consumers. Dialtone, however, cannot participate in the
9 federal Lifeline program until it receives its ETC designation. Once Dialtone
10 receives ETC designation it will provide toll limitation as required by the FCC's
11 rules.

12 **Q: COULD YOU EXPLAIN EACH OF THE SUPPORTED SERVICES AND**
13 **HOW DIALTONE PROVIDES, OR WILL PROVIDE THESE SERVICES?**

14 **A:** Yes. Dialtone presently provides or plans to provide each of the supported
15 services identified by the FCC in 47 C.F.R. § 54.101(a) as follows:

- 16
- 17 a. *Voice-grade access to the public switched telephone network.* The
18 FCC has concluded that voice grade service means the ability to make and
19 receive phone calls, within a specified bandwidth and frequency range.
20 Dialtone meets this requirement by providing voice-grade access to the
21 public switched telephone network. Through its interconnection
22 agreements, all customers of Dialtone are able to make and receive calls
23 on the public switched telephone network within the specified bandwidth.

1 b. *Local usage.* ETCs must include local usage beyond providing
2 simple access to the public switched network as a part of a universal
3 service offering. Dialtone includes specified quantities of usage in its rate
4 plans and thereby complies with the requirement. It is important to note,
5 that currently, there is no specific rule that requires an ETC to include any
6 particular amount of local usage, although all of Dialtone' service
7 offerings include unlimited local calling.

8 c. *Dual-tone, multi-frequency ("DTMF") signaling or its functional*
9 *equivalent.* DTMF, more commonly known as touch-tone, is a method of
10 signaling that facilitates the transport of call set-up and detail information.
11 Through its interconnection agreements, Dialtone provides DTMF
12 signaling to its customers, which is the equivalent of that offered by the
13 incumbent LECs to its customers.

14 d. *Single-party service or its functional equivalent.* Dialtone meets
15 the requirement of single-party service by providing a dedicated message
16 path for the length of all customer calls.

1
2 e. *Access to emergency services.* The ability to reach a public
3 emergency service provider by dialing 911 is a requirement in any
4 universal service offering. Dialtone currently provides its subscribers
5 access to 911 emergency service in accord with this requirement, and
6 consistent with FCC Regulations throughout the service area for which
7 designation is sought. Dialtone also provides Enhanced 911 services
8 including Phase I and Phase II E911 services where requested by local
9 public safety authorities ready to receive the information and where the
10 local exchange carrier supports such services.

11 f. *Access to operator services.* Access to operator services is defined
12 as any automatic or live assistance provided to a consumer to arrange for
13 billing or completion, or both, of a telephone call. Dialtone currently
14 provides access to operator services through a 1-800 calling service.
15 Customers can also obtain 1+ service through a third party provider to
16 access such services.

17 g. *Access to directory assistance.* Much like operator services,
18 Dialtone currently offers access to directory assistance services through a
19 1-800 calling service. Customers can also obtain 1+ service through a
20 third party provider to access such services.

21 h. *Access to interexchange service.* Dialtone meets the requirements
22 of access to interexchange service by providing all of its customers with
23 the ability to make and receive interexchange calls through 1+800 calling

1 services provided by third party LD carriers. Additionally, customers can
2 obtain 1+ services through a third party provider, and are able to reach
3 their IXC of choice by dialing the appropriate access code.

4 i. *Toll limitation for qualifying low-income consumers.* As
5 previously mentioned, toll limitation for qualifying low-income
6 consumers is linked to participation in the Lifeline program, which
7 Dialtone will participate in and offer upon designation as an ETC.
8 Dialtone will use the appropriate toll limitation technology to provide this
9 required service at no additional charge to Lifeline customers.

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2 **Q: DOES DIALTONE OFFER THE ABOVE-REFERENCED SUPPORTED**
3 **SERVICES VIA ITS OWN FACILITIES OR A COMBINATION OF ITS**
4 **OWN FACILITIES AND RESALE OF ANOTHER CARRIER'S**
5 **SERVICES?**

6 **A:** Depending on the type of service the customer requests and the precise location of
7 the customer, Dialtone offers the supported services either through the purchase
8 of switched port/loop combinations (UNEs) or through resale. These facilities are
9 physical components of the telecommunications network that are used in the
10 transmission or routing of the services for which support is requested. Because
11 these facilities include unbundled network elements, the method by which
12 Dialtone provisions the supported services is consistent with the FCC's rules
13 found at 47 CFR § 54.201(d)(1) through (i).

14 **Q: WILL DIALTONE PROVIDE SUPPORTED UNIVERSAL SERVICES**
15 **ONCE DESIGNATED AS AN ETC?**

16 **A:** Yes. Dialtone will provide all supported universal services once designated as an
17 ETC.

1

2 **Q: WILL DIALTONE PARTICIPATE IN THE LIFELINE AND LINK-UP**
3 **PROGRAMS IF IT IS DESIGNATED AS AN ETC?**

4 **A:** Yes, as we stated in our Petition, upon designation as an ETC, Dialtone will
5 participate in, and offer, LifeLine and Link-Up programs to qualifying low-
6 income consumers and publicize the availability of Lifeline and Link-Up services
7 in a manner reasonably designed to reach those likely to qualify for those
8 services, as required by 47 C.F.R. §§ 54.401-54.417; 54.405(b)& 54.411(d).

9 **Q: A THIRD REQUIREMENT FOR DESIGNATION AS AN ETC IS TO**
10 **ADVERTISE THE AVAILABILITY OF THE SUPPORTED SERVICES.**
11 **HOW DOES DIALTONE INTEND TO ADVERTISE THE**
12 **AVAILABILITY OF THE SUPPORTED SERVICES?**

13 **A:** Dialtone advertises the availability of the supported services and the
14 corresponding charges in a manner that informs the general public within the
15 designated service area of both the services available and the corresponding
16 charges. Dialtone advertises its services through several different media of
17 general distribution including (but not limited to) marketing at targeted retail
18 locations, including rent-to-own centers, as well as advertisements via television,
19 radio, newspapers and trade magazines.

1
2 **Q: IS DIALTONE ABLE TO SATISFY EACH OF THE ADDITIONAL**
3 **REQUIREMENTS ESTABLISHED IN THE FCC'S MARCH 17, 2005**
4 **ORDER?**

5 **A:** Yes. Dialtone will provide each of the supported services identified in 47 C.F.R.
6 §54.101 as follows:

7 a. Dialtone will commit to provide service throughout its proposed
8 designated service area to all customers making a reasonable request for service.
9 Dialtone certifies that it will (a) provide service on a timely basis to requesting
10 customers within the applicant's service area where the applicant's network
11 already passes the potential customer's premises; and (b) provide service within a
12 reasonable period of time, if the potential customer is within Dialtone's licensed
13 service area but outside its existing network coverage, if service can be provided
14 at reasonable cost by reselling services from another carrier's facilities to provide
15 service.

16 b. Under FCC guidelines, an ETC Applicant must submit a five-year plan
17 that describes with specificity proposed improvements or upgrades to the
18 applicant's network on a wire center-by-wire center basis throughout its proposed
19 Designated Service Area. The only circumstance warranting deviation from this
20 requirement is where an applicant's requested ETC serving territory would qualify
21 it to receive no "high cost" USF support, but only "low income" USF support.

22 Because Dialtone seeks ETC designation solely for purposes of
23 reimbursement for provision of subsidized Lifeline and Link-Up services to

1 eligible customers, submission of a Five-Year Network Improvement Plan is not
2 required at this time. Since Lifeline support is designed to reduce the monthly
3 cost of telecommunications services for eligible consumers, and is distributed on a
4 per-customer basis and is directly reflected in the price that the eligible customer
5 pays, it is assured that all support received by the carrier is used to provide
6 Lifeline services to consumers, thus promoting Lifeline and the availability of
7 telephone service to low income users, which is clearly in the public interest.

8
9 c. Providing service to its customers through resale or the use of switched
10 port/loop combination UNEs, leased from the ILECs, allows Dialtone to provide
11 to its customers the same ability to remain functional in emergency situations as
12 currently provided by the ILECs to their own customers (including access to a
13 reasonable amount of back-up power to ensure functionality without an external
14 power source, rerouting of traffic around damaged facilities, and the capability of
15 managing traffic spikes resulting from emergency situations). Further, by nature
16 of the fact that these services are implicitly included in the rates that Dialtone
17 pays to the ILECs, these capabilities are also available to Dialtone's customers.

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2 d. Dialtone will satisfy applicable consumer protection and service quality
3 standards. Under FCC guidelines, an ETC Applicant must demonstrate that it will
4 satisfy applicable consumer protection and service quality standards. 47 CFR
5 §54.202(a)(3); FCC ETC Order at Para 28. Applicant will satisfy all such
6 standards. As part of its certification requirements for providing local exchange
7 services, Applicant must abide by the service quality and consumer protection
8 rules. In addition, Applicant commits to reporting information on consumer
9 complaints per 1,000 lines on an annual basis consistent with the FCC's ETC
10 Order. Applicant in general commits to satisfying all such applicable state and
11 federal requirements related to consumer protection and service quality standards.

12 e. Dialtone's service consists only of a pre-paid offering. Dialtone's
13 offering includes a local usage component with unlimited local calling similar to
14 the ILECs' basic local service offerings. Specific recurring and non-recurring
15 price information for Dialtone's services is attached hereto as Exhibit F. The
16 amount of credits that will be provided to eligible low participating in the lifeline
17 and link-up program, is set forth in proposed tariff revisions, is attached as
18 Exhibit B.

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2 f. Dialtone acknowledges that the FCC may require it to provide equal
3 access to long-distance carriers in the event that no other eligible
4 telecommunications carrier is providing equal access within the service area.

5 g. As relevant to the Commission's public interest inquiry, Dialtone's
6 presence will undeniably include a benefit of increased customer choice, as
7 Dialtone's pre-paid service offering is unique, and serves a specific sector of the
8 public who might well not otherwise have wire line telephone service.

9 h. Dialtone does not seek designation below the study area level of a rural
10 telephone company, and therefore, no "cream skimming" analysis is required.
11 Likewise, Dialtone does not seek designation as an ETC for any part of tribal
12 lands. Therefore, the public notice requirements established by the FCC for tribal
13 lands do not apply.

14 **Q: IN WHAT SERVICE AREAS IS DIALTONE SEEKING DESIGNATION**
15 **AS AN ETC?**

16 **A:** Pursuant to Section 54.207 of the FCC's rules, a "service area" is a "geographic
17 area established by a state commission for the purpose of determining universal
18 service obligations and support mechanisms." 47 C.F.R. § 54.207(a). For service
19 areas served by non-rural ILECs such as BellSouth/AT&T, there are no
20 restrictions on how a Commission defines the "service area" for purposes of
21 designating a competitive ETC. Dialtone proposes a service area consisting of
22 each of the BellSouth wire centers in South Carolina which are set forth in
23 Exhibit B referenced above.

1

2 **Q: DOES DIALTONE PROVIDE TELECOMMUNICATIONS SERVICE**
3 **THROUGHOUT THE NON-RURAL ILEC SERVICE AREAS FOR**
4 **WHICH IT SEEKS ETC DESIGNATION?**

5 **A:** Yes.

6 **Q: BEFORE DESIGNATING DIALTONE AS AN ETC, IS THE**
7 **COMMISSION REQUIRED TO FIND THAT THE DESIGNATION IS IN**
8 **THE PUBLIC INTEREST?**

9 **A:** Yes.

10 **Q: HOW, AND IN WHAT TERMS, WILL DIALTONE’S PRESENCE AS AN**
11 **ETC IN SOUTH CAROLINA AFFECT THE MARKET AS A WHOLE**
12 **AND THE PUBLIC INTEREST GENERALLY?**

13 **A:** A grant of Dialtone's application will serve the public interest and the market as a
14 whole by promoting additional deployment of Dialtone’s unique pre-paid local
15 service. It is important to note that most of Dialtone’s customers do not meet the
16 traditional “creditworthiness” test of ILECs and CLECs, and therefore, many are
17 unable to obtain wire line local exchange service. Dialtone’s designation as an
18 ETC will bring consumers the benefits of its unique service to a specific segment
19 of the market.

20 Furthermore, A central purpose of the Telecommunications Act of 1996 was to
21 “promote competition and reduce regulation ... [thereby securing] lower prices
22 and higher quality services ... and encourage the rapid deployment of new

telecommunications technologies.”¹ Designation of Dialtone as an ETC would further these goals. Granting ETC status to Dialtone would allow the Company to obtain federal universal service support, which it will use to offer innovative telecommunications services at competitive prices to non-rural consumers in the Designated Service Area.

Q: IF DIALTONE’S PETITION IS GRANTED, WILL THERE BE ANY FINANCIAL IMPACT ON THE UNIVERSAL SERVICE FUND OR THE FEDERAL UNIVERSAL SERVICE FUND SURCHARGE THAT SOUTH CAROLINA END USERS PAY?

A: No.

Q: HAS DIALTONE BEEN GRANTED ETC STATUS BY ANY STATE COMMISSIONS?

A: Yes, Dialtone has been designated as ETC by the Dialtone’s affiliate, BLC Management, LLC, has been designated as an ETC by the Alabama Public Service Commission, the Illinois Commerce Commission and the North Carolina Public Utilities Commission. Another affiliate, SCTX Link, LLC has been designated as an ETC by the New York Public Service Commission. No state has denied any ETC petition filed by Applicant or its affiliates, nor have any such petitions been withdrawn. Applicant, or its affiliates, have petitions for ETC status pending in the States of Florida, Georgia, South Carolina, Tennessee and Texas.

¹ The Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56, 56 (1996).

1
2 **Q: HAS DIALTONE BEEN AUDITED BY USAC, OR ANY OTHER ENTITY,**
3 **PERTAINING TO LIFELINE AND LINK-UP?**

4 **A:** No.

5 **Q: DOES DIALTONE AGREE TO COMPLY WITH ALL COMMISSION**
6 **RULES AND REGULATIONS REGARDING ETC, INCLUDING THOSE**
7 **SET FORTH IN DOCKET NO. 2006-37-C?**

8 **A:** Yes. Applicant hereby asserts its willingness and ability to comply with all the
9 rules and regulations that the Commission may lawfully impose upon Applicant's
10 provision of service contemplated by this application.

11 Applicant has requested ETC designation in wire centers located throughout, the
12 service area of BellSouth/AT&T South Carolina, a non-rural carrier.

13 Additionally, Applicant has limited its requested USF support to the federal USF
14 low income support program. Applicant certifies that all low income USF
15 funding it receives will be used to provide a credit to its Lifeline and Link-up
16 eligible customers, consistent with 47 CFR 54.403. Additionally, Applicant agrees
17 to offer lifeline packages which are consistent with those published on its website
18 and will amend its proposed to include those same lifeline packages.

1
2 Applicant agrees to include in its quarterly Service Quality Report the number and
3 justification of applications held for more than 30 days and the number and
4 justification of applications that were denied. dPi will only seek direct low income
5 support from the Federal Universal Service Fund for the those line provided
6 through the use of its own facilities or through a combination of its own facilities
7 and the leased facilities of another carrier. Applicant also agrees to report
8 quarterly the percentage of consumers offered Lifeline via resale versus
9 commercial agreements.

10 Applicant agrees to utilize the same qualifying criteria for Lifeline and Link-up as
11 is offered in the BellSouth territory (eligibility for TANF, Food Stamps, and
12 Medicaid).

13 Applicant agrees to provide Lifeline customers an additional \$3.50 credit in order
14 that the federal matching monies can be maximized. This will yield a Lifeline
15 credit of \$13.50 per month which is consistent with the credit offered throughout
16 BellSouth service area.

17 Applicant agrees that it will abide by all advertising and reporting and verification
18 requirements established by the FCC and Commission.

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2

Should Applicant seek designation as an ETC for high cost support, Applicant

3

will file an additional and separate application with the Commission that

4

addresses all applicable state and federal laws, rules and regulations, including,

5

but not limited to, an appropriate build-out plan that includes the use of its own

6

facilities in addition to those obtained through commercial agreements to provide

7

services to un-served areas.

8

9

10

Applicant shall submit a two-year plan that describes the carrier's plans for

11

advertising and outreach programs for identifying, qualifying and enrolling

12

eligible participants in the Lifeline and Link Up programs.

13

Applicant shall comply will all applicable state and federal laws, rules, and

14

regulations regarding ETC designation and reporting requirements.

15

16 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

17 **A:** Yes.

1

LIST OF EXHIBITS

2

3

A. BIOGRAPHICAL INFORMATION

4

B. LIFELINE AND LINK-UP TARIFF REVISIONS

1

EXHIBIT A

2

BIOGRAPHICAL INFORMATION

1
2
3

EXHIBIT B
PROPOSED LIFELINE AND LINK-UP TARIFF REVISIONS
SEE ATTACHED

3.7 Lifeline Program

(N)

A. General

- (i) The Lifeline program is designed to increase the availability of telecommunications services to low income subscribers by providing a credit to monthly recurring local service for qualifying residential subscribers. Basic terms and conditions are in compliance with the FCC's Order on Universal Service in CC Docket No. 97-157, which adopts the Federal-State Joint Board's recommendation in CC Docket No. 96-45, which complies with the Telecommunications Act of 1996. Specific terms and conditions are as prescribed by the South Carolina Public Service Commission and are as set forth in this tariff.
- (ii) Lifeline is supported by the federal universal service support mechanism.
- (iii) Federal baseline support of eight dollars and twenty-five cents (\$8.25) is available for each Lifeline service and is passed through to the subscriber. An additional three dollars and fifty cents (\$3.50) credit is provided by the Company. Supplemental federal support of one dollar and seventy-five cents (\$1.75), matching one half of the Company contribution, will also be passed along to the Lifeline subscriber. The total Lifeline credit available to an eligible customer in South Carolina is thirteen dollars and fifty cents (\$13.50). The amount of credit will not exceed the charge for local service, which includes the access line, the Subscriber Line Charge and local usage.

B. Regulations

(i) General

- (a) Customers eligible under the Lifeline program are also eligible for connection assistance under the Link-Up program.
- (b) One low income credit is available per household and is applicable to the primary residential connection only. The named subscriber must be a current recipient of any of the low income assistance programs identified in Section B(ii)(a) following.
- (c) A Lifeline customer may subscribe to any local service offering available to other residential customers. Since the Lifeline credit is applicable to the primary residential connection only, it may not be applied to multiple lines in a package for local service.
- (d) Toll blocking, if elected, will be provided at no charge to the Lifeline subscriber.
- (e) No deposit will be required of a Lifeline customer who subscribes to toll blocking. If a Lifeline customer removes toll blocking prior to establishing an acceptable credit history, a deposit may be required. When applicable, advance payments will not exceed the connection and local service charges for one month.
- (f) Neither the Federal Universal Service Charge nor the South Carolina Intrastate Universal Service Surcharge will be billed to Lifeline customers.

(N)

3.7 Lifeline Program (Cont'd.)

(N)

B. Regulations (Cont'd.)

(i) General (Cont'd.)

(g) A Lifeline subscriber's local service will not be disconnected for non-payment of regulated toll charges. Local service may be denied for non-payment of local calls in accordance with Section 2. Access to toll service may be denied for non-payment of regulated tolls. A Lifeline subscriber's request for reconnection of local service will not be denied if the service was previously denied for non-payment of toll charges.

(h) At no time shall a customer's Lifeline rate go below zero.

(ii) Eligibility

(a) To be eligible for a Lifeline credit, a customer must be a current recipient of any one of the following low income assistance programs.

1. Temporary Assistance to Needy Families (TAW), previously known as AFDC.
2. Food Stamps
3. Medicaid

(b) All applications for service are subject to verification with the state agency responsible for administration of the qualifying program.

(iii) Certification

(a) Proof of eligibility in any of the qualifying low income assistance programs should be provided to the Company within 30 days of application for service. The Lifeline credit will not be established until proof of eligibility has been received by the Company. When eligibility documentation is provided, the Lifeline credit will be provided on a going forward basis.

(b) The Company reserves the right to periodically audit its records, working in conjunction with the appropriate state agencies, for the purpose of determining continuing eligibility. Information obtained during such audit will be treated as confidential information to the extent required under State and Federal laws. The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the Lifeline plan.

(c) When a customer is determined to be ineligible as a result of an audit, the Company will contact the customer. If the customer cannot provide eligibility documentation within 60 calendar days, the Lifeline credit will be discontinued.

(N)

3.7 Lifeline Program (Cont'd.)

B. Regulations (Cont'd.)

(iv) General

- (a) Lifeline is provided as a monthly credit on the eligible residential subscriber's access line bill for local service.
- (b) Service Charges in Section 4 are applicable for installing or changing Lifeline service.
- (c) Link-Up connection assistance in Section 4 may be available for installing or relocating Lifeline service.
- (d) The Service Change Charge in Section 4 is not applicable when existing service is converted intact to Lifeline.

(v) The total Lifeline credit consists of one federal credit plus one (1) Company credit

(a) Federal credit

Monthly Credit

- 1. Temporary Assistance to Needy Families \$10.00
- 2. Food Stamps \$10.00
- 3. Medicaid \$10.00

(b) Company credit

- 1. All programs, one per Lifeline service \$ 3.50

3.8 Link-Up South Carolina

A. General

- (i) Link-Up is a program designed to increase the availability of telecommunications services to low income subscribers by providing a credit to the non-recurring installation and service charges to qualifying residential subscribers. Basic terms and conditions are in compliance with the FCC's Order on Universal Service in CC Docket 97-157, which adopts the Federal-State Joint Board's recommendation in CC Docket 96-45, which complies with the Telecommunications Act of 1996. Specific terms and conditions are as prescribed by the South Carolina Public Service Commission and are as set forth in this tariff.
- (ii) Link-Up is supported by the federal universal service support mechanism.
- (iii) A federal credit amount of fifty percent (50%) of the non-recurring charges for connection of service, up to a maximum of thirty dollars (\$30.00), is available to be passed through to the subscriber.

3.8 Link-Up South Carolina (Cont'd.)

(N)

B. Regulations

(i) General

- (a) Customers eligible under Link-Up are also eligible for monthly recurring assistance under the Lifeline program.
- (b) Link-Up connection assistance is available per household and is applicable to the primary residential connection only.
- (c) The Link-Up credit is available each time the customer installs or relocates the primary residential service.
- (d) To receive the credit, proof of eligibility must be provided within 30 days after installation of service.
- (e) The total tarified charges for connecting service, including service and other installation charges, are considered in the credit calculation.

(ii) Eligibility

- (a) To be eligible for a Link-Up credit, the named subscriber must be a current recipient of any of the following low income assistance programs:
 - 1. Temporary Assistance to Needy Families (TANF), previously known as AFDC
 - 2. Food Stamps
 - 3. Medicaid
- (b) All applications for service are subject to verification with the state agency responsible for administration of the qualifying program.

(iii) Certification

- (a) Proof of eligibility in any of the qualifying low income assistance programs should be provided to the Company within 30 days of application for service. The Link-Up credit will not be established until proof of eligibility has been received by the Company.
- (b) The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the Link-Up plan.

C. Rates and Charges

The federal credit available for a Link-Up connection is thirty dollars (\$30.00) maximum or fifty percent (50%) of the installation and service charges from this Tariff, whichever is less.

(N)